

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Iron River Township	County Iron
Fiscal Year End 03/31/07	Opinion Date 06/27/07	Date Audit Report Submitted to State 08/16/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

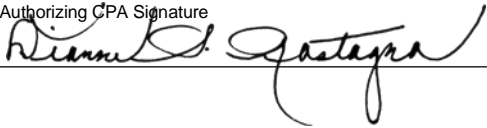
YES NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	There are no issues to report.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) DS Rostagno CPA P.C.		Telephone Number 906-265-1040	
Street Address 101 West Maple Street		City Iron River	State MI
		Zip 49935	
Authorizing CPA Signature 	Printed Name Dianne S. Rostagno, CPA		License Number 1101021859

**IRON RIVER TOWNSHIP**

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**Financial Report  
With Supplemental Information  
Prepared in Accordance with GASB 34**

**MARCH 31, 2007**

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## **INDEPENDENT AUDITOR'S REPORT**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Trustees  
**Iron River Township**  
102 McNutt Road  
Iron River, Michigan 49935

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of **Iron River Township**, as of and for the fiscal year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

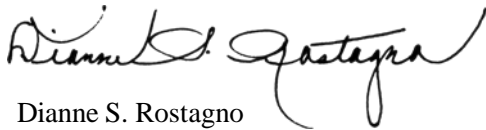
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Iron River Township** at March 31, 2007, and the respective changes in financial position and cash flows thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2007 on our consideration of **Iron River Township's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 8 through 21 and the budgetary comparison information are not required parts of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Iron River Township's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno", written in a cursive style.

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 27, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

The management of **Iron River Township** provides this narrative overview and analysis of the financial activities of **Iron River Township** for the fiscal year ended March 31, 2007. As readers, you are encouraged to read this discussion and analysis in conjunction with the Township's financial statement information included in this report.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## *Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are mainly supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, legislative, public safety, public works, cemetery, Township property, parks and recreation. The business-type activities of the Township are the Water and Sewer utility services.

# IRON RIVER TOWNSHIP

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## ***Fund Financial Statements***

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## ***Governmental Funds***

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund. The cemetery operation fund is also classified as a major fund. The liquor law enforcement fund and the cemetery perpetual care fund (classified as a permanent fund) are non-major governmental funds. Individual fund data for each fund is presented separately in the "Other Supplementary Information" section of this report.

The Township adopts an annual budget for its general and other special revenue funds. To demonstrate compliance with this budget, budgetary comparison statements have been provided for the general and the cemetery operation funds (the Township's major governmental funds) which are included in the "Required Supplementary Information" section of this document.

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## ***Proprietary Funds***

Proprietary Funds provide services for which the Township charges customers a fee. The Township has only one type of proprietary fund - enterprise funds. The enterprise funds of the Township are used to report the same functions as the business-type activities in the government-wide financial statements. The Water and the Sewer Utility funds are presented separately in both the government-wide financial statements and the fund financial statements and both are considered major funds. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

## ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

## ***Notes to the Financial Statements***

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

## ***Supplementary Information***

Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the general fund and the cemetery operation fund (the only major governmental funds) as presented in the governmental fund financial statements.

A separate financial statement for the Township's non-major governmental funds is also included in the Other Supplementary Information section of this document.

# IRON RIVER TOWNSHIP

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## *Government-wide Financial Analysis*

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Township, assets exceeded liabilities by \$3,791,640 at March 31.

By far, the largest portion of the Township's net assets is its investment in capital assets (land, buildings, machinery, and equipment), less any outstanding debt related to acquiring the asset. These capital assets are used to provide services to citizens and are not available for future spending. The Township had no outstanding debt at March 31, 2007; hence, the Township reported \$2,280,294 in net assets invested in capital assets.

External restrictions of the Township's net assets represent resources subject to existing external obligations or programmatic control on future use. The remaining balance of unrestricted net assets of \$1,199,205 may be used to meet the government's ongoing obligations to citizens and creditors.

Total net assets in excess of liabilities at March 31 for the governmental activities and business-type activities were \$1,261,598 and \$2,530,042, respectively.

Following is a comparative summary of net assets at fiscal years ended March 31, 2007 and March 31, 2006:

	<b>March 31, 2007</b>		
	<b>Primary Government</b>		
	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
Current and other assets	\$ 1197349	\$ 336136	\$ 1533485
Capital assets, net	<u>66314</u>	<u>2213980</u>	<u>2280294</u>
<b>Total Assets</b>	<b>\$ 1263663</b>	<b>\$ 2550116</b>	<b>\$ 3813779</b>

# IRON RIVER TOWNSHIP

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## *Government-wide Financial Analysis (Continued)*

March 31, 2007			
Primary Government			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Liabilities</u></b>			
Long-term liabilities	\$ 0	\$ 0	\$ 0
Other liabilities	<u>2065</u>	<u>20074</u>	<u>22139</u>
<b>Total Liabilities</b>	<b>2065</b>	<b>20074</b>	<b>22139</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	66314	2213980	2280294
Reserved	179927	0	179927
Designated	0	132214	132214
Unreserved, undesignated	<u>1015357</u>	<u>183848</u>	<u>1199205</u>
<b>Total Net Assets</b>	<b>\$ 1261598</b>	<b>\$ 2530042</b>	<b>\$ 3791640</b>

March 31, 2006			
Primary Government			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current and other assets	\$ 1080563	\$ 381848	\$ 1462411
Capital asset, net	<u>39809</u>	<u>2111375</u>	<u>2151184</u>
<b>Total Assets</b>	<b>\$ 1120372</b>	<b>\$ 2493223</b>	<b>\$ 3613595</b>
<b><u>Liabilities</u></b>			
Long-term liabilities	0		0
Other liabilities	<u>4483</u>	<u>7189</u>	<u>11672</u>
<b>Total Liabilities</b>	<b>\$ 4483</b>	<b>\$ 7189</b>	<b>\$ 11672</b>

# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

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## *Government-wide Financial Analysis (Continued)*

	<b>March 31, 2006</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	\$ 39809	\$ 2111375	\$ 2151184
Reserved	157683	0	157683
Designated	0	208350	208350
Unreserved	<u>918397</u>	<u>166309</u>	<u>1084706</u>
<b>Total Net Assets</b>	<b>\$ 1115889</b>	<b>\$ 2486034</b>	<b>\$ 3601923</b>

For governmental activities, net assets increased by \$145,709 during the 2006-2007 fiscal year. For business-type activities, net assets increased by \$44,008 during the fiscal year.

The following represents the comparative changes in net assets for both governmental and business-type activities for the fiscal years ended March 31, 2007 and March 31, 2006:

	<b>March 31, 2007</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
<b><u>REVENUES</u></b>			
<b><i>Program Revenues</i></b>			
Charges for services	\$ 57552	\$ 282199	\$ 339751
Operating grants/ contributions	25901	0	25901
<b><i>General Revenues</i></b>			
Property taxes	135051	0	135051
Other taxes and fees	21249	0	21249
Unrestricted grants	88440	0	88440
Other	<u>47199</u>	<u>13741</u>	<u>60940</u>
<b>Total Revenues</b>	<b>\$ 375392</b>	<b>\$ 295940</b>	<b>\$ 671332</b>

# IRON RIVER TOWNSHIP

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## *Government-wide Financial Analysis (Continued)*

	<b>March 31, 2007</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
<b><u>EXPENSES</u></b>			
General government	\$ 97134	\$ 0	\$ 97134
Legislative	16270		16270
Township property	38746	0	38746
Public safety	20343		20343
Public works	17862	0	17862
Cemetery	33252		33252
Parks and recreation	1809		1809
Depreciation	<u>4267</u>	<u>0</u>	<u>4267</u>
<b>Total governmental expenses</b>	<b>\$ 229683</b>	<b>\$ 0</b>	<b>\$ 229683</b>
<b><u>Business-type activities</u></b>			
Water	0	111123	111123
Sewer	<u>0</u>	<u>140809</u>	<u>140809</u>
<b>Total business-type expenses</b>	<b>0</b>	<b>251932</b>	<b>251932</b>
<b>TOTAL EXPENSES</b>	<b>\$ 229683</b>	<b>\$ 251932</b>	<b>\$ 481615</b>
Increase (Decrease) in net assets before transfers	145709	44008	189717
Transfers – net	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in net assets	145709	44008	189717
Net Assets, beginning of year	1115889	2486034	3601923
<b>Net Assets, end of year</b>	<b>\$ 1261598</b>	<b>\$ 2530042</b>	<b>\$ 3791640</b>

# IRON RIVER TOWNSHIP

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## *Government-wide Financial Analysis (Continued)*

	March 31, 2006		
	Primary Government		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<b><u>REVENUES</u></b>			
<b><i>Program Revenues</i></b>			
Charges for services	\$ 54062	\$ 253751	\$ 307813
Operating grants/contributions	33450	0	33450
<b><i>General Revenues</i></b>			
Property taxes	112571	0	112571
Other taxes and fees	17470		17470
Unrestricted grants	89381		89381
Other	<u>28418</u>	<u>8875</u>	<u>37293</u>
<b>Total Revenues</b>	<b>\$ 335352</b>	<b>\$ 262626</b>	<b>\$ 597978</b>
<b><u>EXPENSES</u></b>			
General government	\$ 87858	\$ 0	\$ 87858
Legislative	13444		13444
Township property	33653	0	33653
Public safety	20606		20606
Public works	71157	0	71157
Cemetery	29753		29753
Parks and recreation	1520		1520
Depreciation	<u>4043</u>	<u>0</u>	<u>4043</u>
<b>Total governmental expenses</b>	<b>\$ 262034</b>	<b>\$ 0</b>	<b>\$ 262034</b>
<b><u>Business-type activities</u></b>			
Water	0	115179	115179
Sewer	<u>0</u>	<u>122994</u>	<u>122994</u>
<b>Total business-type expenses</b>	<b>0</b>	<b>238173</b>	<b>238173</b>
<b>TOTAL EXPENSES</b>	<b>\$ 262034</b>	<b>\$ 238173</b>	<b>\$ 500207</b>



# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

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## *Government-wide Financial Analysis (Continued)*

	<b>March 31, 2006</b>		
	<b>Primary Government</b>		
	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
Increase (Decrease) in net assets before transfers	\$ 73318	\$ 24453	\$ 97771
Transfers – net	<u>-73213</u>	<u>73213</u>	<u>0</u>
Increase (Decrease) in Net Assets	105	97666	97771
Net Assets, beginning of year	1115784	2388368	3504152
<b>Net Assets, end of year</b>	<b>\$ <u>1115889</u></b>	<b>\$ <u>2486034</u></b>	<b>\$ <u>3601923</u></b>

## *Governmental Activities*

Property taxes and other tax revenues comprise \$156,300 or approximately 42 percent of total governmental revenues.

The Township also collected \$57,552 for services provided. And, at fiscal year-end, the Township reported \$88,440 in grants and contributions not restricted for specific programs. This amount was due entirely to the State of Michigan's state sales tax distribution and comprises approximately 24 percent of total governmental revenues.

The Township expended \$229,683 on governmental programs and services. Some of the largest expense categories were for general government, where \$97,134, or 43 percent of total governmental expenditures were reported. Public works expenditures were \$17,862, or 8 percent of total governmental expenditures. A total of \$38,746 was expended on the maintenance of Township property.

# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

## ***Business-type Activities***

Business-type activities increased the Township's net assets by \$44,008. Charges for services for the Water and Sewer activities for the year ended were \$147,008 and \$135,191, respectively. Total expenses for the Water and Sewer activities for the year ended were \$111,123 and \$140,809, respectively.

## ***Financial Analysis of the Governmental Funds***

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

## **Governmental Funds**

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. This information is useful in assessing the Township's financing requirements.

In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Township's governmental funds reported combined ending fund balances of \$1,195,284, of which \$179,927 is reserved and the remaining \$1,015,357 is available for spending at the government's discretion.

The Township primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

On the budgetary basis of accounting, the Township ended the fiscal year with revenues greater than the original or final projection. Total expenditures were considerably less than the original or final projection. At fiscal year-end, the fund balance was higher than either the original or the final amended budget projections.

## **Revenues – Budget vs Actual for Fiscal Year Ended March 31, 2007**

	<b>Revenues Original Budget</b>	<b>Revenues Final Budget</b>	<b>Revenues Final Actual</b>	<b>Revenues Variance Actual vs Original Budget</b>	<b>Revenues Variance Actual vs Final Budget</b>
<b>General Fund</b>	\$ 251380	\$ 247804	\$ 317565	\$ 66185	\$ 69761
<b>Cemetery Fund</b>	\$ 25150	\$ 39450	\$ 43883	\$ 18733	\$ 4433

# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

## Governmental Funds (Continued)

### Expenditures – Budget vs Actual for Fiscal Year Ended March 31, 2007

	<b>Expenditures Original Budget</b>	<b>Expenditures Final Budget</b>	<b>Expenditures Final Actual</b>	<b>Expenditures Variance Actual vs Original Budget</b>	<b>Expenditures Variance Actual vs Final Budget</b>
<b>General Fund</b>	\$ 251380	\$ 242314	\$ 220605	\$ 30775	\$ 21709
<b>Cemetery Fund</b>	\$ 25150	\$ 39450	\$ 35050	\$ (9900)	\$ 4400

General fund financial and budgetary highlights of the fiscal year include:

- \* Property taxes, administration fees, and other taxes exceeded final budgetary projections by \$45,953.
- \* Intergovernmental funding was up from the final amended budget, coming in at \$113,818, which exceeds by \$18,713 the final budgeted estimate of \$95,105.
- \* Expenditures in total for the general fund were \$220,605, less than the final amended budget of \$242,314 by \$21,709. This was due to the fact that expenditures for all Township activities were slightly less than the amounts appropriated for these purposes.

Cemetery operating fund budgetary highlights were as follows:

- \* Revenues received from grave openings, sale of lots and vault rental were all considerably greater than amounts originally budgeted, and slightly greater than estimated in the final amended budget.
- \* Expenditures were greater than originally budgeted, but slightly lower than the final amended budget estimates.

# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

## **Proprietary Funds**

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unreserved and undesignated net assets of the Water Fund at year-end were \$ 18,290; \$403,361 of Township equity in the Water Fund was invested in capital assets, and \$132,214 was designated for water system improvements. Total net assets in the Water Fund on March 31 was \$ 553,865. The change in nets assets was a gain of \$47,284.

Unreserved and undesignated net assets of the Sewer Fund at year-end were \$165,558. An additional \$1,810,619 was invested in capital assets, bringing the total net assets of the Sewer Fund to \$1,976,177. The change in net assets was a loss of \$3,276.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

The Township's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of March 31 was \$ 2,213,980. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, and licensed vehicles.

Infrastructure assets represent \$ 2,882,914 or approximately 76 percent of the estimated original cost of total assets. All infrastructure is accounted for in the Water, Sewer, and Cemetery Funds. There is no infrastructure attributed to the General Fund.

Major capital events during the current fiscal year included:

- \* Construction was completed on Phase I of the water system improvement project. This consisted of electrical upgrades of all three wells in the Township.

# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

## ***Long-term debt***

As of March 31, the Township (including the enterprise funds) had no bonded debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. Since the Township has no general obligation debt, this is not currently a concern to the Township.

## **Other Economic Factors and Next Year's Budget**

### ***Economic Factors***

Despite economic uncertainties, the Township will continue to strive to provide good social and cultural conditions that support healthy families, and maintain a safe and clean community in which to live.

### ***Major Accomplishments and Priorities***

- For the fiscal year 2006-2007, the Township continues to increase efficiency in office operations and organization. Both the Treasurer's and Clerk's office have streamlined operations of paper handling, record filing, and billing....and continue to look for additional ways to save the Township money.
- Taxes are now prepared on plain paper and printed on the laser printer resulting in substantial savings to the Township. Taxpayers are being asked to provide a self-addressed, stamped envelope if they wish to be provided with a tax receipt...or they can simply retain the top portion of their tax bill which also qualifies as a receipt.
- The Clerk and Treasurer continue to clean up utility billing records to clarify the true number of water and sewer customers for proper billing and to disable water taps not in use. A new water policy has been put in place in which utility customers must pay the same rate for water whether in continuous use or seasonal use. This policy will provide continuity in the flow of utility revenue as well.

# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

## **Other Economic Factors and Next Year's Budget (Continued)**

### ***Looking forward:***

The Township's water project will continue, with the connection of the Nash and Ryden wells by replacing the current line between the two with an 8-inch line from the Township Hall location to the US2-Nash location. The two will then act as backup for each other. In addition, the Beechwood system will require an additional new well head and expansion of security fencing. This may also include an additional land purchase for the well location. A backup power supply will also be required.

To comply with a DEQ requirement to have a backup water system for each of its pumping and water tank facilities, the Township was awarded a low interest loan which will begin distribution of funds in the new fiscal year 2007-2008...with construction beginning and completing in the same year.

## **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor  
**Iron River Township**  
102 McNutt Road  
Iron River, Michigan 49935

## **BASIC FINANCIAL STATEMENTS**

<b>IRON RIVER TOWNSHIP</b>
----------------------------

## STATEMENT OF NET ASSETS

*MARCH 31, 2007*

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>ASSETS</u>	<u>Activities</u>	<u>Activities</u>	<u>Reporting Entity</u>
<b><u>Current Assets</u></b>			
Cash and Investments (Note C )	\$ 1,179,678	\$ 198,255	\$ 1,377,933
Receivables			
Taxes	14,320	-	14,320
Accounts Receivable	721	5,667	6,388
Due from External Parties	2,630	-	2,630
Internal Balances	-	-	-
<b>Total Current Assets</b>	<u>1,197,349</u>	<u>203,922</u>	<u>1,401,271</u>
<b><u>Noncurrent Assets</u></b>			
Designated Cash and Investments		132,214	132,214
Capital Assets, Net (Note H )	66,314	2,213,980	2,280,294
<b>Total Noncurrent Assets</b>	<u>66,314</u>	<u>2,346,194</u>	<u>2,412,508</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,263,663</b>	<b>\$ 2,550,116</b>	<b>\$ 3,813,779</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable		20,074	20,074
Accrued Salaries and Benefits	1,885		1,885
Deferred Revenue	180		180
<b>Total Current Liabilities</b>	<u>2,065</u>	<u>20,074</u>	<u>22,139</u>
<b><u>Noncurrent Liabilities</u></b>			
Bonds/Notes Payable (Note I )	-	-	-
Compensated Absences Payable	-	-	-
Long-term Employee Benefits Payable	-	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>2,065</b>	<b>20,074</b>	<b>22,139</b>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	66,314	2,213,980	2,280,294
Reserved for Cemetery Operations	79,993	-	79,993
Reserved for Cemetery Perpetual Care	98,606	-	98,606
Reserved for Liquor Law Enforcement	1,328	-	1,328
Designated for Water System Improvements	-	132,214	132,214
Unreserved and Undesignated	1,015,357	183,848	1,199,205
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,261,598</u></b>	<b><u>\$ 2,530,042</u></b>	<b><u>\$ 3,791,640</u></b>

The notes to the financial statements are an integral part of this report.



<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF ACTIVITIES**

*FISCAL YEAR ENDED MARCH 31, 2007*

Functions/Programs	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants</u>
Primary Government -				
General government	\$ 97,134	\$ 7,577	\$ -	\$ -
Legislative	16,270			-
Township property	38,746	800		-
Public safety	20,343	100	523	-
Public works	17,862		25,378	-
Cemetery	33,252	49,075		-
Parks and recreation	1,809			-
Depreciation (Unallocated)	4,267	-	-	-
 Total Governmental Activities	 \$ 229,683	 \$ 57,552	 \$ 25,901	 \$ -
 <u>Business-type Activities</u>				
Water Utility	111,123	147,008		
Sewer Utility	140,809	135,191		
 Total Business-type Activities	 \$ 251,932	 \$ 282,199		

**General Revenues:**

Taxes:

    Property taxes levied for general operations

    Other taxes and fees

State Sales Tax Distribution

Interest and Investment Earnings

Other

**Total General Revenues**

**Change in Net Assets**

**Net Assets - Beginning of year**

**Net Assets - End of year**

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF ACTIVITIES**

*FISCAL YEAR ENDED MARCH 31, 2007*

***Net (Expense) Revenue and Changes  
in Net Assets***

<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
\$ (89,557)	\$ -	\$ (89,557)
(16,270)		(16,270)
(37,946)	-	(37,946)
(19,720)		(19,720)
7,516	-	7,516
15,823		15,823
(1,809)	-	(1,809)
(4,267)		(4,267)
<hr/>	<hr/>	<hr/>
\$ (146,230)	\$ -	\$ (146,230)
	35,885	35,885
	<hr/> (5,618)	<hr/> (5,618)
	\$ 30,267	\$ 30,267
135,051	-	135,051
21,249		21,249
88,440		88,440
46,420	13,741	60,161
779	-	779
<hr/>	<hr/>	<hr/>
<b>291,939</b>	<b>13,741</b>	<b>305,680</b>
<hr/>	<hr/>	<hr/>
<b>145,709</b>	<b>44,008</b>	<b>189,717</b>
<b>1,115,889</b>	<b>2,486,034</b>	<b>3,601,923</b>
<hr/>	<hr/>	<hr/>
<b>\$ 1,261,598</b>	<b>\$ 2,530,042</b>	<b>\$ 3,791,640</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

## BALANCE SHEET - GOVERNMENTAL FUNDS

*MARCH 31, 2007*

	<u>General Fund</u>	<u>Cemetery Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and Investments (Note C )				
Unrestricted	\$ 999,751	\$ 46,247	\$ 133,680	\$ 1,179,678
Restricted	-			-
Receivables:				-
Taxes	14,320			14,320
Accounts Receivable	721			721
Due from Other Funds	2,630	25		2,655
<b>TOTAL ASSETS</b>	<b><u>\$ 1,017,422</u></b>	<b><u>\$ 46,272</u></b>	<b><u>\$ 133,680</u></b>	<b><u>\$ 1,197,374</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Deposits	180		-	180
Accrued Taxes and Benefits	1,885		-	1,885
Accounts Payable	-		-	-
Due to Other Funds	-		25	25
<b>TOTAL LIABILITIES</b>	<b>2,065</b>	<b>-</b>	<b>25</b>	<b>2,090</b>
<b><u>FUND BALANCES</u></b>				
Reserved for Cemetery Operations		46,272	33,721	79,993
Reserved for Cemetery Perpetual Care			98,606	98,606
Reserved for Liquor Law Enforcement			1,328	1,328
Unreserved and Undesignated	1,015,357	-	-	1,015,357
<b>TOTAL FUND BALANCES</b>	<b>1,015,357</b>	<b>46,272</b>	<b>133,655</b>	<b>1,195,284</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,017,422</u></b>	<b><u>\$ 46,272</u></b>	<b><u>\$ 133,680</u></b>	<b><u>\$ 1,197,374</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**GOVERNMENTAL FUNDS**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS**

*MARCH 31, 2007*

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 1,195,284</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of capital assets is:	362,075
Accumulated depreciation is:	(295,761)

Long term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds Payable	-
Compensated Absences	-

Other long term assets not available to pay current period expenditures therefore deferred in the funds

-

Accrued interest is not included as a liability in governmental funds

-

<b>Total Net Assets - Governmental Activities</b>	<b><u><u>\$ 1,261,598</u></u></b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**GOVERNMENTAL FUNDS - STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<b>General Fund</b>	<b>Cemetery Operating Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Revenue</u></b>				
General Property taxes	\$ 135,051	\$ -	\$ -	\$ 135,051
Other local taxes	4,000			4,000
Penalties, interest, and fees- taxes	17,249	-	-	17,249
Licenses, permits, and fines	2,085			2,085
Sale of property		10,900		10,900
Use of money and property	31,031	1,908	5,872	38,811
Charges for services	5,492	31,075	5,600	42,167
Miscellaneous	779			779
Intergovernmental	113,818	-	523	114,341
<b>Total Revenue</b>	<b>\$ 309,505</b>	<b>\$ 43,883</b>	<b>\$ 11,995</b>	<b>\$ 365,383</b>
<b><u>Expenditures</u></b>				
Current Operating:				
General government	97,134	-	-	97,134
Legislative	16,270			16,270
Township property	38,746	-		38,746
Public safety	19,810		533	20,343
Public works	17,862			17,862
Cemetery		33,252	-	33,252
Parks and recreation	1,809			1,809
Capital Outlay	28,974	1,798		30,772
Intergovernmental Payments	-		-	-
<b>Total Expenditures</b>	<b>220,605</b>	<b>35,050</b>	<b>533</b>	<b>256,188</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>88,900</b>	<b>8,833</b>	<b>11,462</b>	<b>109,195</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Gain (loss) on investments	8,060		1,949	10,009
<b>Total Other Financing Sources(Uses)</b>	<b>8,060</b>	<b>-</b>	<b>1,949</b>	<b>10,009</b>
<b>Net Change in Fund Balances</b>	<b>96,960</b>	<b>8,833</b>	<b>13,411</b>	<b>119,204</b>
<b>Fund Balances - Beginning of Year</b>	<b>918,397</b>	<b>37,439</b>	<b>120,244</b>	<b>1,076,080</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,015,357</b>	<b>\$ 46,272</b>	<b>\$ 133,655</b>	<b>\$ 1,195,284</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**GOVERNMENTAL FUNDS**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

*FISCAL YEAR ENDED MARCH 31, 2007*

**Net Change in Fund Balances - Total Governmental Funds** **\$ 119,204**

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures; in  
the statement of activities, these costs are allocated over their  
estimated useful lives as depreciation.

Depreciation Expense	(4,267)
Capital Outlay	<u>30,772</u>

Total	26,505
-------	--------

Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	-
---	---

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	-
---	---

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	-
---	---

Increases Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6	-
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**Change in Net Assets of Governmental Activities** **\$ 145,709**

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF FUND NET ASSETS – ENTERPRISE FUNDS**

*MARCH 31, 2007*

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash, unrestricted	\$ 35,649	\$ 162,606	\$ 198,255
Receivables, net			-
Accounts	2,715	2,952	5,667
Internal Balances	-	-	-
<b>Total Current Assets</b>	38,364	165,558	203,922
<b>Noncurrent Assets:</b>			
Designated cash and investments	132,214	-	132,214
Capital Assets:			
Buildings	10,000	-	10,000
Equipment	224,824	58,961	283,785
Infrastructure	22,500	2,830,907	2,853,407
Construction in progress	292,596		292,596
Less:			
Allowance for depreciation	(146,559)	(1,079,249)	(1,225,808)
Total Capital Assets, Net	403,361	1,810,619	2,213,980
<b>Total Noncurrent Assets</b>	535,575	1,810,619	2,346,194
<b>TOTAL ASSETS</b>	<b>\$ 573,939</b>	<b>\$ 1,976,177</b>	<b>\$ 2,550,116</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts payable	20,074	-	20,074
<b>Total Current Liabilities</b>	20,074	-	20,074
<b>TOTAL LIABILITIES</b>	<b>20,074</b>	<b>-</b>	<b>20,074</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net			
of related debt	403,361	1,810,619	2,213,980
Unreserved, Designated	132,214	-	132,214
Unreserved, Undesignated	18,290	165,558	183,848
<b>TOTAL NET ASSETS</b>	<b>\$ 553,865</b>	<b>\$ 1,976,177</b>	<b>\$ 2,530,042</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS – ENTERPRISE FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b><u>OPERATING REVENUE</u></b>			
Charges for Services	\$ 143,298	\$ 132,278	\$ 275,576
Penalties and Late Fees	<u>3,710</u>	<u>2,913</u>	<u>6,623</u>
<b>TOTAL OPERATING REVENUE</b>	<b>147,008</b>	<b>135,191</b>	<b>282,199</b>
<b><u>OPERATING EXPENSES</u></b>			
Personal Services and Benefits	43,131	7,768	50,899
Contractual Services	5,900	62,668	68,568
Repairs and Maintenance	8,999	3,217	12,216
Other Supplies and Expenses	35,124	6,725	41,849
Administrative Expenses	1,571	1,171	2,742
Depreciation	16,141	59,260	75,401
Miscellaneous	<u>257</u>	<u>-</u>	<u>257</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>111,123</b>	<b>140,809</b>	<b>251,932</b>
Operating Profit (Loss)	35,885	(5,618)	30,267
<b><u>NON-OPERATING INCOME</u></b>			
Interest Income	8,912	2,342	11,254
Gain on Investments	2,487		2,487
Net Income (Loss)	47,284	(3,276)	44,008
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>506,581</u>	<u>1,979,453</u>	<u>2,486,034</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 553,865</b></u>	<u><b>\$ 1,976,177</b></u>	<u><b>\$ 2,530,042</b></u>

The notes to the financial statements are an integral part of this report.



<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM (USED BY)</b>			
<b><u>OPERATING ACTIVITIES</u></b>			
Net cash received from fees and services	\$ 142,888	\$ 133,206	\$ 276,094
Other operating revenues	3,710	2,913	6,623
Cash payments to employees for services	(43,131)	(7,768)	(50,899)
Cash payments to goods and services	(38,966)	(73,782)	(112,748)
Other operating expenses	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 64,501</b>	<b>\$ 54,569</b>	<b>\$ 119,070</b>
<b><u>NON CAPITAL AND FINANCING ACTIVITIES</u></b>			
Increase (decrease) in due to other funds		(84,685)	(84,685)
(Increase) decrease in due from other funds			-
Residual equity transfer in			-
Net operating transfers in (out)	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (84,685)</b>	<b>\$ (84,685)</b>
<b><u>CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and construction of capital assets	(170,812)	(7,193)	(178,005)
Principal payment on long-term bonds	-	-	-
Interest paid on long-term bonds	-	-	-
Interest and tax expense	-	-	-
Proceeds from borrowings	-	-	-
Contributed capital grants	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (170,812)</b>	<b>\$ (7,193)</b>	<b>\$ (178,005)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Interest Income	8,912	2,342	11,254
Gain on Value of Investments	2,487		2,487
Decrease in Investments	76,136		76,136
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ 87,535</b>	<b>\$ 2,342</b>	<b>\$ 89,877</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(18,776)</b>	<b>(34,967)</b>	<b>(53,743)</b>
Cash and Cash Equivalents, Beginning of Year	<hr/> 54,425	<hr/> 197,573	<hr/> 251,998
<b>Cash and Cash Equivalents, End of Year</b>	<b><u><u>\$ 35,649</u></u></b>	<b><u><u>\$ 162,606</u></u></b>	<b><u><u>\$ 198,255</u></u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
(Continued)

*FISCAL YEAR ENDED MARCH 31, 2007*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
	<hr/>	<hr/>	<hr/>
Operating Income	\$ 35,885	\$ (5,618)	\$ 30,267
Adjustment to reconcile operating income to net cash provided by operating activities:			
. Depreciation	16,141	59,260	75,401
. Provision for uncollectible accounts			-
. Changes in assets and liabilities :			
(Increase) Decrease in accounts receivable	(410)	927	517
Increase (Decrease) in accounts payable	12,885		12,885
Increase (Decrease) in deferred revenue	-	-	-
Increase (Decrease) in customer deposits	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u><u>\$ 64,501</u></u></b>	<b><u><u>\$ 54,569</u></u></b>	<b><u><u>\$ 119,070</u></u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**FIDUCIARY FUND****STATEMENT OF FIDUCIARY NET ASSETS***MARCH 31, 2007*

	<b>Agency Funds</b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	<u>\$ 12,104</u>
<b>TOTAL ASSETS</b>	<b>\$ 12,104</b>
 <b><u>LIABILITIES</u></b>	
Due to Other Funds	2,630
Due to Other Governmental Units	<u>9,474</u>
<b>TOTAL LIABILITIES</b>	<b>12,104</b>
 <b><u>NET ASSETS</u></b>	
Unrestricted	<u>-</u>
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by **Iron River Township**, Iron River, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**THE FINANCIAL REPORTING ENTITY**

The Township was organized in 1882 and operates under an elected Board of Trustees (5 people) and provides services to its residents including liquor law enforcement, general administration, and cemetery, water, and sewer services. On July 01, 2000, the City of Iron River was reformed and the Village of Mineral Hills, which had been part of the Township, was annexed by the new City of Iron River. In accordance with the provisions of GASB 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by GASB 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include separation of electing governing body and legal status, and fiscal independence.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**THE FINANCIAL REPORTING ENTITY (Continued)**

On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township as discretely presented component units.

**BLENDED COMPONENT UNITS**

A blended component unit is a legally separate entity from the local unit, but it is so intertwined with the unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government. This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BLENDED COMPONENT UNITS (Continued)**

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

On this basis, there are no blended component units to be reported.

**JOINT VENTURES**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINT VENTURES (Continued)**

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

There are no joint ventures to be reported.

**JOINTLY GOVERNED ORGANIZATIONS**

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

**West Iron County Sewer Authority**

The **Township of Iron River** entered into an agreement with several governmental entities to form the West Iron County Sewer Authority.



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINTLY      GOVERNED      ORGANIZATIONS**  
**(Continued)**

**West Iron County Sewer Authority (Continued)**

The Authority was established in August 1972 under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, and was organized to provide sewer service to the cities of Iron River, Caspian, and Gaastra, and a portion of **Iron River Township**. The first grant applications were filed in 1982. Members from each participating municipality are appointed by their respective governmental entities to serve on the Board of Trustees of the West Iron County Sewer Authority.

Pursuant to the terms of the Authority's Sewer Use Ordinances adopted by the Authority and each Constituent Municipality, the Authority bills each Constituent Municipality monthly based on such Constituent Municipality's percentage of Equal Dwelling Units ("EDUs") to the total member of EDUs for the entire system.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINTLY GOVERNED ORGANIZATIONS**  
**(Continued)**

**West Iron County Sewer Authority (Continued)**

Billing to end users is done by each Constituent Municipality using its own billing system and methodology.

Under the EDU system, the Authority adopts a preliminary budget in April of each year for its next fiscal year beginning the following July 01. This preliminary budget is presented to each Constituent Municipality for review and consideration in its budgeting process. Prior to adopting its final budget in June of each year for the fiscal year beginning the following July 01, the Authority holds a public hearing with respect to the preliminary budget.

The preliminary and final budgets calculated EDU charges to cover both operation, maintenance, and replacement ("OMR") expenses and debt retirement expenses.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINTLY      GOVERNED      ORGANIZATIONS**  
**(Continued)**

**West Iron County Sewer Authority (Continued)**

Included in OMR charges are funds for future replacements of all major plant equipment.

During the fiscal year ended March 31, 2007, the **Township of Iron River** paid to the Authority fees totaling \$ 53,468 for OMR and debt retirement.

Financial statements for the West Iron County Sewer Authority can be requested by writing to:

West Iron County Sewer Authority  
P.O. Box 246  
Caspian, Michigan 49915

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINTLY      GOVERNED      ORGANIZATIONS**  
**(Continued)**

**West Iron County Fire Board**

The West Iron County Fire Board was organized in 1987 and provides fire protection for Iron River, Bates and Stambaugh Townships, and the City of Iron River, Iron County, Michigan.

The Board operates under an appointed Board of Commissioners (9 people) and provides fire protection services to more than 4500 residents.

The Board is funded by assessments from the participating municipalities.

Financial statements are available by writing to:

West Iron County Fire Board  
P.O. Box 203  
Iron River, Michigan 49935

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINTLY      GOVERNED      ORGANIZATIONS**  
**(Continued)**

**West Iron County Volunteer Fire Department**

The West Iron County Volunteer Fire Department was organized in 1987 and consists of volunteer fire fighters from the City of Iron River and the Townships of Bates, Iron River, and Stambaugh.

The purpose of the organization is to preserve and protect all life and property as declared by the West Iron County Fire Board. The officers, elected by a plurality of votes of members present at the annual meeting consist of a Chief, Assistant Chief, First Captain, Second Captain, Training Officer, and Secretary/Treasurer.

Complete financial statements of the West Iron County Volunteer Fire Department can be obtained from:

West Iron County Volunteer Fire Department  
640 9th Street  
Iron River, Michigan 49935

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**RELATED ORGANIZATIONS**

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

There are no related organizations to be reported.

**BASIS OF PRESENTATION**

The Township follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

***Management's Discussion and Analysis***

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

***Government-wide financial statements***

These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Annual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

***Statement of Net Assets***

The Statement of Net Assets displays the financial position of the primary government (government and business-type activities).

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

***Statement of Net Assets (Continued)***

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

***Statement of Program Activities***

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

***Budgetary comparison schedules***

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public.

Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Township and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary governmental entities for which the government is considered to be financially accountable.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS**

The basic financial statements include both government-wide (based on the Township as a whole) and fund financial statements. The reporting model focus is on both the Township as a whole and the fund financial statements, including the major individual funds of governmental and business-type categories, as well as the fiduciary funds, (by category).

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

Both governmental-wide and fund financial statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The Township generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Township may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, parks and recreation, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The program revenues must be directly associated with the function (public safety, public works, parks and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Township does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

In the fund financial statements, financial transactions and accounts of the Township are organized in the basis of funds.

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing sets of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The Township's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

The various funds are grouped, in the financial statements in this report, into several broad categories as follows:

**GOVERNMENTAL FUNDS**

These funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the Township's expendable financial resources and the related current liabilities, except those accounted for in the Proprietary Fund, are accounted for through the Governmental Funds.

These funds are as follows:

***General Fund***

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***General Fund (Continued)***

Revenues are derived primarily from property taxes and state and federal distributions, grants, and other intergovernmental revenues.

The General Fund is always considered to be a major fund for reporting purposes.

***Special Revenue Funds***

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

The Township's *Liquor Law Enforcement*, and *Cemetery (Operating)* funds are Special Revenue Funds.



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***Special Revenue Funds (Continued)***

For reporting purposes, the Cemetery (Operating) Fund is a major fund. The Liquor Law Enforcement Fund is a non-major fund.

***Permanent Funds***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings--and not principal--may be used for purposes that support the government's programs--that is, for the benefit of the public.

The Township's *Cemetery Perpetual Care Fund* is a Permanent Fund.

For reporting purposes, the Cemetery Perpetual Care Fund is a non-major fund.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***Capital Projects Fund***

These funds are used to account for the purchase and/or construction of capital facilities by a governmental unit which is not accounted for by Proprietary Funds, Special Assessment Funds, or Trust Funds. The various resources of the governmental unit to be used in the projects, such as General Fund contributions, grants from other units or government and bond proceeds, flow into the Capital Project Fund. Expenditures incurred in the development of the facility are also recorded within the Capital Project Fund.

Currently, the Township does not utilize a Capital Projects Fund.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**PROPRIETARY FUNDS**

***Enterprise Funds***

These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises----where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Township's *Water Fund* and *Sewer Fund* are Enterprise Funds.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**FIDUCIARY FUNDS**

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

The Township's *Current Tax Collection Fund* is a Fiduciary Fund.

**MEASUREMENT FOCUS**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

The government-wide statement of net assets and statement of activities, all proprietary funds, and private trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net assets, statement of activities, and the financial statements of Proprietary Funds and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

The fund financial statements of the General, Special Revenue, Permanent, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**ENCUMBRANCES**

It is the Township's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

**CASH AND CASH EQUIVALENTS**

The Township pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Township classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**INVENTORIES**

Inventories of supplies are expended as received.

**RECEIVABLES**

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General, Permanent, and Special Revenue Funds. User charges for the Proprietary Fund are recorded as receivable when billed. On an annual basis the charges are reviewed for collectibility. Those deemed uncollectible are assigned to the tax roll.

**INTEREST RECEIVABLE**

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**DUE TO/FROM OTHER FUNDS**

Transactions between funds that had not been paid or received as of fiscal year end have been recorded as inter-fund accounts receivable and payable in the financial statements. These inter-fund receivables and payables do not represent Board-approved loans between funds.

**DEFERRED REVENUE**

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**FUND EQUITY**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Township for future expenditures.

Unreserved retained earnings represent net assets available for future operations or distribution. Reserved retained earnings represent net assets that have been legally identified for specific purposes. Designated retained earnings represent amounts earmarked by the Township for future expenditures.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**BUDGETS AND BUDGETARY ACCOUNTING**

The Township follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Township prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**BUDGETS AND BUDGETARY ACCOUNTING  
(Continued)**

2. A meeting of the Township Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.
3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Township Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Township Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**PROPERTY TAX**

Property taxes are levied on December 31 and payable in two installments, July 01 and December 01. They become delinquent the following March 01. The Township bills and collects its own property taxes and also collects taxes for the school districts, county, and library.

Collections for the schools, county, and library are accounted for in the Trust and Agency Fund. Township property tax revenues are recognized when levied to the extent they are receivable. The County of Iron purchases from the Township the delinquent real property taxes outstanding as of March 31 of each year.

The 2006 taxable valuation of the Township totaled \$45,069,090, on which ad valorem taxes levied consisted of 2.9969 mills for general operating purposes.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**NON-MONETARY TRANSACTIONS**

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

**CAPITAL ASSETS**

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the governmental-wide statements to the extent the Township's capitalization threshold of \$ 500 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

**Buildings..... 20 - 30 years**

**Infrastructure..... 10 - 65 years**

**Furniture and Other**

**Equipment..... 5 - 20 years**

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**CAPITAL ASSETS (Continued)**

To the extent the Township's capitalization threshold of \$500 is met, capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the governmental-wide basis using the straight-line method and the following estimated useful lives:

**Land Improvements..... 20 years**

**Equipment..... 5 - 20 years**

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**CAPITAL ASSETS (Continued)**

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**COMPENSATED ABSENCES**

***Vacation***

Full time Township employees may earn paid vacation after one year of employment. The employees earn paid vacation as follows:

- 1) After 1 year of employment, employees earn 6 days of paid vacation.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**COMPENSATED ABSENCES (Continued)**

***Vacation (Continued)***

- 2) After 5 years of employment, employees earn 12 days of paid vacation.
- 3) After 10 years of employment, employees earn 18 days of paid vacation.
- 4) After 15 years of employment, employees earn 24 days of paid vacation.

Vacation time may carry over to the following year. At March 31, 2007, the Township's liability for accrued vacation was \$ 1,884.80.

***Sick/Funeral Leave***

Full time employees are granted 3 days for sick leave and 3 funerals at 2 days per funeral for funeral leave. Sick and funeral leave may not carry over to the following year.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**POST-EMPLOYMENT BENEFITS**

The Township offers no post-employment benefits.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B – INTER-FUND ACTIVITIES**

**INTER-FUND RECEIVABLES AND PAYABLES**

Inter-fund receivables and payables generally do not represent inter-fund borrowings; instead, they routinely represent actual amounts which are pending between funds at year-end due to the timing of cash flows. Generally, these amounts clear shortly after year-end when resources become available.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE B – INTER-FUND ACTIVITIES (CONTINUED)**

**INTER-FUND RECEIVABLES AND PAYABLES  
(Continued)**

The amounts of the inter-fund receivables and payables as of March 31, 2007 were as follows:

<b><u>Fund</u></b>	<b><u>Inter-fund Receivable</u></b>	<b><u>Inter-fund Payable</u></b>
General	\$ 2630	\$ -0-
Cemetery	25	-0-
Trust and Agency	-0-	2630
Cemetery Perpetual Care Trust Fund	<u>-0-</u>	<u>25</u>
<b>Totals</b>	<b>\$ <u>2655</u></b>	<b>\$ <u>2655</u></b>

As reflected above, the Cemetery Perpetual Care fund owes the Cemetery Operating fund \$25, resulting from a past year's expenditure being paid from the operating fund, rather than from the unreserved balance of the perpetual care fund, as intended.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE B – INTER-FUND ACTIVITIES (CONTINUED)**

**INTER-FUND RECEIVABLES AND PAYABLES**  
**(Continued)**

The Trust and Agency Fund held tax dollars due to the General Fund as of March 31.

**OPERATING TRANSFERS**

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended March 31, 2007, the Township authorized no transfers.

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS**

**PRIMARY GOVERNMENT**

On March 31, 2007, the carrying value of the Township's deposits (Primary Government) was \$ 735,482 and is comprised of cash and deposits reflected in the following funds:

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**PRIMARY GOVERNMENT (Continued)**

<b><i>Governmental Funds</i></b>		
General Fund	\$	443636
Liquor Law Enforcement Fund		1328
Cemetery Fund		<u>46247</u>
<b><i>Total Governmental Funds</i></b>		<b>491211</b>
<b><i>Enterprise Funds</i></b>		
Water Supply System Fund		35649
Sewer Fund		<u>162606</u>
<b><i>Total Enterprise Funds</i></b>		<b>198255</b>
<b><i>Fiduciary Funds</i></b>		
Tax Collection Fund		<u>12104</u>
<b><i>Total Fiduciary Funds</i></b>		<b>12104</b>
<b><i>Permanent Funds</i></b>		
Cemetery Perpetual Care Trust Fund		<u>33912</u>
<b><i>Total Permanent Funds</i></b>		<b>33912</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$</b>	<b>735482</b>

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

**Category 1**

Deposits which are insured or collateralized with securities held by the Township or its agent in the Township's name.

**Category 2**

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**Category 3**

Deposits which are not collateralized or insured.

Based on these levels of risk, the Township's cash deposits  
(Primary Government) are classified as follows:

**SCHEDULE OF CASH AND DEPOSITS**

**PRIMARY GOVERNMENT**

	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Totals</u></b>
Cash and Deposits	\$ 116712	\$ -0-	\$ 618770	\$ 735482

**INVESTMENTS**

The Township's investments are categorized below to give an  
indication of the level of risk assumed at year-end.



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**INVESTMENTS (Continued)**

**Category 1** includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Township's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Township's name.

Investments for the Township are reflected below:

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
	\$ <u>-0-</u>	\$ <u>786770</u>	\$ <u>-0-</u>	\$ <u>786770</u>	\$ <u>786770</u>
<b>Total Investments</b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>786770</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>786770</u></b>	<b>\$ <u>786770</u></b>

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**STATUTORY AUTHORITY**

Act 196, PA 1997, authorizes the Township to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**STATUTORY AUTHORITY (Continued)**

4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.
5. Bankers acceptance of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**STATUTORY AUTHORITY (Continued)**

The Township has adopted an investment policy, allowing for all types of deposits and investments listed above. The Township's deposits and investments are in compliance with its investment policy.

**NOTE D - PENSION PLAN**

The Township maintains a fully funded pension plan for its full-time employees and trustees through John Hancock. The contribution for the year ended March 31, 2007 was \$6,000. The plan is fully funded by annuity contracts. On the most recent statement prepared, as of December 2006, the value of the account was \$ 44,394.94.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

**BUDGET VIOLATIONS**

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated. The Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of **Iron River Township** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2006-2007 expenditures for all activities (cost centers) did not exceed the amended budget allocations.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE F - ACCUMULATED FUND DEFICITS**

At March 31, 2007, the Township had no fund balance/retained earnings deficit in any fund.

**NOTE G - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

**NOTE H - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2007:

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE H - CAPITAL ASSETS (CONTINUED)**

	Balance March 31, 2006	Increases	Decreases	Balance March 31, 2007
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital Assets Not Being Depreciated</b>	\$	\$	\$	\$
Land and Land Improvements	5226	0	0	5226
<b>Total Capital Assets Not Being Depreciated</b>	\$ 5226	\$ 0	\$ 0	\$ 5226
<b>Other Capital Assets</b>				
Buildings	242452	0	0	242452
Furniture & Other Equip.	81294	3596	0	84890
Infrastructure	2331	27176	0	29507
<b>Total Other Cap. Assets</b>	\$ 326077	\$ 30772	\$ 0	\$ 356849
<b>Less Accumulated Depreciation for:</b>				
Buildings	(226815)	(771)	0	(227586)
Furniture & Other Equip.	(64588)	(3030)	0	(67618)
Water Lines	(91)	(466)	0	(557)
<b>Total Accum. Depreciation</b>	(291494)	(4267)	0	(295761)
Other Capital Assets, Net	34583	26505	0	61088
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	\$ <u>39809</u>	\$ <u>26505</u>	\$ <u>0</u>	\$ <u>66314</u>

Depreciation was charged to governmental functions as  
unallocated.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE H - CAPITAL ASSETS (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES**

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended March 31, 2007:

	<u>Balance March 31, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance March 31, 2007</u>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
<b><u>Capital Assets Not Being Depreciated:</u></b>				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	128976	163620	0	292596
<b><u>Other Capital Assets:</u></b>				
Buildings	10000	0	0	10000
Machinery and Equipment	269399	14386	0	283785
Water Mains/Lines	22500	0	0	22500
Sewer Mains/Lines	<u>2830907</u>	<u>0</u>	<u>0</u>	<u>2830907</u>
<b>Total Capital Assets</b>	<b>\$ 3261782</b>	<b>\$ 178006</b>	<b>\$ 0</b>	<b>\$ 3439788</b>

(Continued on page 88)



<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE H - CAPITAL ASSETS (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES (Continued)**

(Continued from previous page)

	<b>Balance March 31, <u>2006</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance March 31, <u>2007</u></b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ (4400)	\$ (200)	\$ 0	\$ (4600)
Machinery and Equipment	(159781)	(18287)	0	(178068)
Water Mains/Lines	(9150)	(500)	0	(9650)
Sewer Mains/Lines	<u>(977076)</u>	<u>(56414)</u>	<u>0</u>	<u>(1033490)</u>
<b>Total Accumulated Depreciation</b>	<b>(1150407)</b>	<b><u>(75401)</u></b>	<b><u>0</u></b>	<b><u>(1225808)</u></b>
 <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	 <b>\$ <u>2111375</u></b>	 <b>\$ <u>102605</u></b>	 <b>\$ <u>0</u></b>	 <b>\$ <u>2213980</u></b>

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE I - LONG-TERM DEBT**

There is no long-term debt for the Township at fiscal year ended March 31, 2007.

**NOTE J - SEGMENT INFORMATION - Enterprise Fund**

	<u>Water Supply System Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 147008	\$ 135191	\$ 282199
Depreciation and Amortization Expense	16141	59260	75401
Operating Income or (Loss)	35885	(5618)	30267
Operating Grants, Entitlements, and Shared Revenues	-0-	-0-	-0-
Operating Transfers:			
In	-0-	-0-	-0-
(Out)	-0-	-0-	-0-
Tax Revenues	-0-	-0-	-0-
Net Income or Loss	47284	(3276)	44008

(Continued on page 90)

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE J - SEGMENT INFORMATION - Enterprise Fund (CONTINUED)**

	<b>Water Supply System Fund</b>	<b>Sewer Fund</b>	<b>Total Enterprise Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Current Capital:	\$	\$	\$
Contributions	-0-	-0-	-0-
Transfers	-0-	-0-	-0-
Property, Plant, and Equipment			
Additions	170812	7193	178005
Deletions	-0-	-0-	-0-
Net Working Capital	18290	165558	183848
Total Assets	573939	1976177	2550116
Bonds and Other Long-Term Liabilities	-0-	-0-	-0-
Payable from Operating Revenues	20074	-0-	20074
Payable from Other Sources	-0-	-0-	-0-
Total Equity	553865	1976177	2530042

(Continued from previous page)

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE K - RELATED PARTY TRANSACTIONS**

*Related parties* exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

<b>IRON RIVER TOWNSHIP</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2007*

**NOTE L - SUBSEQUENT EVENTS**

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended March 31, 2007, there were no subsequent events that would have a significant affect on the Township's operations.

**NOTE M - COMMITMENTS AND CONTINGENCIES**

There are currently no commitments or contingencies which would have a material financial input on the financial statements of the Township.

## **REQUIRED SUPPLEMENTAL INFORMATION**

<b>IRON RIVER TOWNSHIP</b>
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**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b><u>REVENUE</u></b>			
General property taxes	\$ 100,230	\$ 93,136	\$ 135,051
Other local taxes/administration fees	11,600	17,211	21,249
Licenses, permits, and fees	2,375	2,300	2,085
Use of money and property	20,500	32,600	39,091
Charges for services-tax collection	5,400	5,472	5,492
Miscellaneous	-	1,980	779
Intergovernmental	111,275	95,105	113,818
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>\$ 251,380</b>	<b>\$ 247,804</b>	<b>\$ 317,565</b>
<b><u>EXPENDITURES</u></b>			
General government	79,262	106,218	97,134
Legislative	26,725	18,330	16,270
Township property	46,369	44,470	38,746
Department of Public Works	18,274	21,516	17,862
Public Safety	19,250	20,080	19,810
Parks and Recreation	1,500	1,900	1,809
Capital outlay	60,000	29,800	28,974
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 251,380</b>	<b>\$ 242,314</b>	<b>\$ 220,605</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>Net Change in Fund Balance</b>	 <b>-</b>	 <b>5,490</b>	 <b>96,960</b>
<b>Fund Balance -Beginning of year</b>	<b>918,397</b>	<b>918,397</b>	<b>918,397</b>
<b>Fund Balance - End of year</b>	<b>\$ 918,397</b>	<b>\$ 923,887</b>	<b>\$ 1,015,357</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – CEMETERY OPERATING FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b><u>REVENUE</u></b>			
Grave Openings	\$ 19,300	\$ 30,000	\$ 30,875
Sale of Lots	5,000	7,750	10,900
Long-Term Maintenance Fee	-	-	200
Vault Rental	750	1,500	1,600
Interest	100	200	308
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>\$ 25,150</b>	<b>\$ 39,450</b>	<b>\$ 43,883</b>
<b><u>EXPENDITURES</u></b>			
Salaries	15,580	26,050	24,423
Fringe Benefits	1,200	1,995	1,869
Printing/Publishing	50	50	22
Gas, Oil, and Fuel	1,300	1,700	1,628
Repair and Maintenance	2,750	3,250	2,814
Contract Services	3,235	3,000	1,239
Telephone	435	500	478
Utilities	600	600	527
Miscellaneous	-	505	252
Capital Outlay	-	1,800	1,798
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 25,150</b>	<b>\$ 39,450</b>	<b>\$ 35,050</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>Net Change in Fund Balance</b>	 <b>-</b>	 <b>-</b>	 <b>8,833</b>
 <b>Fund Balance -Beginning of year</b>	 <b>37,439</b>	 <b>37,439</b>	 <b>37,439</b>
 <b>Fund Balance - End of year</b>	 <b>\$ 37,439</b>	 <b>\$ 37,439</b>	 <b>\$ 46,272</b>

The notes to the financial statements are an integral part of this report.



## **OTHER SUPPLEMENTAL INFORMATION**

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

*MARCH 31, 2007*

	<u>LLE Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note C )	\$ 1,328	\$ 132,352	\$ 133,680
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,328</u></b>	<b><u>\$ 132,352</u></b>	<b><u>\$ 133,680</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Due to Other Funds	<u>-</u>	<u>25</u>	<u>25</u>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>FUND BALANCES</b>			
Reserved for Liquor Law Enforcement	1,328	-	1,328
Reserved for Cemetery Perpetual Care		98,606	98,606
Reserved for Cemetery Operations	<u>-</u>	<u>33,721</u>	<u>33,721</u>
<b>TOTAL FUND BALANCES</b>	<b>1,328</b>	<b>132,327</b>	<b>133,655</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,328</u></b>	<b><u>\$ 132,352</u></b>	<b><u>\$ 133,680</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>LLE Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
<b><u>REVENUE</u></b>			
Use of money and property	\$ 9	\$ 5,863	\$ 5,872
Charges for services	100	5,500	5,600
Miscellaneous	-	-	-
Sale of property	-	-	-
Intergovernmental	523	-	523
<b>TOTAL REVENUE</b>	<b>\$ 632</b>	<b>\$ 11,363</b>	<b>\$ 11,995</b>
<b><u>EXPENDITURES</u></b>			
Current			
Public safety	533		533
Cemetery	-		-
<b>TOTAL EXPENDITURES</b>	<b>\$ 533</b>	<b>\$ -</b>	<b>\$ 533</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>99</b>	<b>11,363</b>	<b>11,462</b>
<b>Other Financing Sources (Uses)</b>			
Gain (Loss) on investments	-	1,949	1,949
Operating transfers in (out)	-		-
Total Other Financing Sources (Uses)	-	1,949	1,949
<b>Net Change in Fund Balances</b>	<b>99</b>	<b>13,312</b>	<b>13,411</b>
<b>FUND BALANCE- BEGINNING OF YEAR</b>	<b>1,229</b>	<b>119,015</b>	<b>120,244</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,328</b>	<b>\$ 132,327</b>	<b>\$ 133,655</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**

*MARCH 31, 2007*

	<b>CEMETERY FUND</b>	<b>LIQUOR LAW ENFORCEMENT FUND</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
Cash	\$ 46,247	\$ 1,328	\$ 47,575
Due from Other Funds	<u>25</u>	<u></u>	<u>25</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 46,272</u></u></b>	<b><u><u>\$ 1,328</u></u></b>	<b><u><u>\$ 47,600</u></u></b>
 <b><u>FUND EQUITY</u></b>			
Fund Balance	<u>46,272</u>	<u>1,328</u>	<u>47,600</u>
<b>TOTAL FUND EQUITY</b>	<b><u><u>\$ 46,272</u></u></b>	<b><u><u>\$ 1,328</u></u></b>	<b><u><u>\$ 47,600</u></u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
EQUITY - ALL SPECIAL REVENUE FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2007*

	CEMETERY FUND	LIQUOR LAW ENFORCEMENT FUND	TOTAL
<b><u>REVENUES</u></b>			
State Grants	\$ -	\$ 523	\$ 523
Sale of Lots	\$ 10,900	\$ -	\$ 10,900
Charges for Services	31,075	100	31,175
Rental Income	1,600	-	1,600
Interest	308	9	317
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>\$ 43,883</b>	<b>\$ 632</b>	<b>\$ 44,515</b>
 <b><u>EXPENDITURES</u></b>			
Salaries	24,423	495	24,918
Fringe Benefits	1,869	38	1,907
Printing/Publishing	22		22
Gas, Oil and Fuel	1,628	-	1,628
Repair and Maintenance	2,814		2,814
Contract Services	1,239		1,239
Telephone	478	-	478
Utilities	527		527
Miscellaneous	252		252
		-	
Capital Outlay	1798		1798
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 35,050</b>	<b>\$ 533</b>	<b>\$ 35,583</b>
 Excess of Revenues Over (Under) Expenditures	 8,833	 99	 8,932
 FUND BALANCE, APRIL 1	 37,439	 1,229	 38,668
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE, MARCH 31</b>	<b>\$ 46,272</b>	<b>\$ 1,328</b>	<b>\$ 47,600</b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES**

*MARCH 31, 2007*

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
Cash and Deposits :			
Restricted	\$ -	\$ -	\$ -
Unrestricted	35,649	162,606	198,255
Investments :			
Designated for System Improvement	132,214	-	132,214
Undesignated	-	-	-
Accounts Receivable	2,715	2,952	5,667
Property, Plant and Equipment	257,324	2,889,868	3,147,192
Construction in Progress	292,596		292,596
Accumulated Depreciation	<u>(146,559)</u>	<u>(1,079,249)</u>	<u>(1,225,808)</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 573,939</u></b>	<b><u>\$ 1,976,177</u></b>	<b><u>\$ 2,550,116</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts Payable	20,074	-	20,074
Due To Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>20,074</b>	<b>-</b>	<b>20,074</b>
<b><u>FUND EQUITY</u></b>			
Retained Earnings :			
Unreserved - Designated	132,214	-	132,214
Unreserved - Undesignated	<u>421,651</u>	<u>1,976,177</u>	<u>2,397,828</u>
<b>TOTAL FUND EQUITY</b>	<b>553,865</b>	<b>1,976,177</b>	<b>2,530,042</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 573,939</u></b>	<b><u>\$ 1,976,177</u></b>	<b><u>\$ 2,550,116</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b><u>OPERATING REVENUE</u></b>			
Charges for Services	\$ 143,298	\$ 132,278	\$ 275,576
Penalties and Late Fees	3,710	2,913	6,623
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 147,008</b>	<b>\$ 135,191</b>	<b>\$ 282,199</b>
<b><u>OPERATING EXPENSES</u></b>			
Salaries and Wages	40,066	7,216	47,282
Fringe Benefits	3,065	552	3,617
Office Supplies	1,171	1,171	2,342
Printing/Publishing	175	-	175
Membership Dues	225	-	225
Gas, Oil and Fuel	5,104	235	5,339
Repair and Maintenance	8,999	3,217	12,216
Purchased Services	5,900	9,200	15,100
Testing/Water Samples	3,248	-	3,248
Telephone	6,367	1,122	7,489
Utilities	20,405	5,368	25,773
Sewer Treatment :			
Contract Services - O&M	-	34,736	34,736
Contract Services - Debt Retirement	-	18,732	18,732
Depreciation	16,141	59,260	75,401
Miscellaneous	257	-	257
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 111,123</b>	<b>\$ 140,809</b>	<b>\$ 251,932</b>
Operating Profit (Loss)	35,885	(5,618)	30,267
<b><u>NON-OPERATING INCOME</u></b>			
Interest Income	8,912	2,342	11,254
Gain on Investments	2,487	-	2,487
<b><u>NON-OPERATING EXPENSES</u></b>			
Loss on Investments	-	-	-
Net Income (Loss)	47,284	(3,276)	44,008
<b>RETAINED EARNINGS, APRIL 1</b>	<b>506,581</b>	<b>1,979,453</b>	<b>2,486,034</b>
<b>RETAINED EARNINGS, MARCH 31</b>	<b>\$ 553,865</b>	<b>\$ 1,976,177</b>	<b>\$ 2,530,042</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM (USED BY)</b>			
<b><u>OPERATING ACTIVITIES</u></b>			
Net cash received from fees and services	\$ 142,888	\$ 133,206	\$ 276,094
Other operating revenues	3,710	2,913	6,623
Cash payments to employees for services	(43,131)	(7,768)	(50,899)
Cash payments to goods and services	(38,966)	(73,782)	(112,748)
Other operating expenses	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 64,501</b>	<b>\$ 54,569</b>	<b>\$ 119,070</b>
<b><u>NON CAPITAL AND FINANCING ACTIVITIES</u></b>			
Increase (decrease) in due to other funds		(84,685)	(84,685)
(Increase) decrease in due from other funds			-
Residual equity transfer in			-
Net operating transfers in (out)	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (84,685)</b>	<b>\$ (84,685)</b>
<b><u>CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and construction of capital assets	(170,812)	(7,193)	(178,005)
Principal payment on long-term bonds	-	-	-
Interest paid on long-term bonds	-	-	-
Interest and tax expense	-	-	-
Proceeds from borrowings	-	-	-
Contributed capital grants	-	-	-
	<hr/>	<hr/>	<hr/>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (170,812)</b>	<b>\$ (7,193)</b>	<b>\$ (178,005)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Interest Income	8,912	2,342	11,254
Gain on Value of Investments	2,487		2,487
Decrease in Investments	76,136		76,136
	<hr/>	<hr/>	<hr/>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ 87,535</b>	<b>\$ 2,342</b>	<b>\$ 89,877</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(18,776)</b>	<b>(34,967)</b>	<b>(53,743)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>54,425</b>	<b>197,573</b>	<b>251,998</b>
	<hr/>	<hr/>	<hr/>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 35,649</b>	<b>\$ 162,606</b>	<b>\$ 198,255</b>
	<hr/>	<hr/>	<hr/>

The notes to the financial statements are an integral part of this report.



<b>IRON RIVER TOWNSHIP</b>
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**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2007*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
Operating Income	\$ 35,885	\$ (5,618)	\$ 30,267
Adjustment to reconcile operating income to net cash provided by operating activities:			
. Depreciation	16,141	59,260	75,401
. Provision for uncollectible accounts			-
. Changes in assets and liabilities :			
(Increase) Decrease in accounts receivable	(410)	927	517
Increase (Decrease) in accounts payable	12,885		12,885
Increase (Decrease) in deferred revenue	-	-	-
Increase (Decrease) in customer deposits	-	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>\$ 64,501</u></b>	<b><u>\$ 54,569</u></b>	<b><u>\$ 119,070</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**BALANCE SHEET - GENERAL FUND***MARCH 31, 2007***ASSETS**

Cash and Deposits	\$ 443,636
Investments	556,115
Receivables :	
Taxes	14,320
Accounts	-
Tax Overpayments	721
Due From Other Funds	<u>2,630</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,017,422</u></u></b>

**LIABILITIES AND FUND EQUITY****LIABILITIES**

Accounts Payable	-
Deposits	180
Accrued Benefits	<u>1,885</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 2,065</b>

**FUND EQUITY**

Fund Balance	
Unreserved - Undesignated	<u>1,015,357</u>
<b>TOTAL FUND EQUITY</b>	<b><u><u>1,015,357</u></u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u><u>\$ 1,017,422</u></u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF REVENUES - GENERAL FUND**  
**ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>ACTUAL</u>	<u>BUDGET</u>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b><u>TAXES</u></b>			
Current Tax Levy	\$ 135,051	\$ 93,136	\$ 41,915
Administrative Fees	17,249	16,000	1,249
Payment in Lieu of Taxes	710	11	699
Commercial Forest/Swamp Tax	3,290	1,200	2,090
Other Taxes	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL TAXES</b>	<b>156,300</b>	<b>110,347</b>	<b>45,953</b>
<b><u>FEDERAL GRANTS</u></b>			
Schools and Roads Grant	20,693	-	20,693
	<hr/>	<hr/>	<hr/>
<b>TOTAL FEDERAL GRANTS</b>	<b>20,693</b>	<b>-</b>	<b>20,693</b>
<b><u>STATE-SHARED RECEIPTS</u></b>			
Sales Tax	88,440	90,405	(1,965)
Metro Act	4,685	4,700	(15)
	<hr/>	<hr/>	<hr/>
<b>TOTAL STATE-SHARED RECEIPTS</b>	<b>93,125</b>	<b>95,105</b>	<b>(1,980)</b>
<b><u>CHARGES FOR SERVICES</u></b>			
Tax Collection	5,492	5,472	20
	<hr/>	<hr/>	<hr/>
<b>TOTAL CHARGES FOR SERVICES</b>	<b>5,492</b>	<b>5,472</b>	<b>20</b>
<b><u>INTEREST AND RENTAL</u></b>			
Interest	30,231	20,000	10,231
Hall Rental	800	600	200
	<hr/>	<hr/>	<hr/>
<b>TOTAL INTEREST AND RENTAL</b>	<b>31,031</b>	<b>20,600</b>	<b>10,431</b>
<b><u>OTHER REVENUE</u></b>			
Zoning Permits/Fees	1,185	1,100	85
Land Division Application Fees	900	1,200	(300)
Miscellaneous	779	1,980	(1,201)
Investment Gains (Losses)	8,060	12,000	(3,940)
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER REVENUE</b>	<b>10,924</b>	<b>16,280</b>	<b>(5,356)</b>
<b>TOTAL REVENUES</b>	<b><u>\$ 317,565</u></b>	<b><u>\$ 247,804</u></b>	<b><u>\$ 69,761</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF EXPENDITURES - GENERAL FUND**  
**ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>LEGISLATIVE</u></b>			
<b><u>Township Board</u></b>			
Salaries	\$ 4,146	\$ -	\$ -
Fringe Benefits	1,234		
Legal Services	-	-	-
Accounting and Audit	7,000		
Membership Dues/Education	1,213	-	-
Printing and Publishing	256		
Miscellaneous	<u>2,421</u>	<u>-</u>	<u>-</u>
<b>TOTAL LEGISLATIVE</b>	<b>\$ 16,270</b>	<b>\$ 18,330</b>	<b>\$ 2,060</b>
<b><u>GENERAL GOVERNMENT</u></b>			
<b><u>Supervisor</u></b>			
Salaries	8,990	-	-
Supplies	-		
Fringe Benefits	<u>2,676</u>	<u>-</u>	<u>-</u>
<b>Total Supervisor</b>	11,666	11,926	260
<b><u>Assessor</u></b>			
Professional Fees	30,820	-	-
Legal Fees	78		
Supplies	<u>2,746</u>	<u>-</u>	<u>-</u>
<b>Total Assessor</b>	33,644	38,350	4,706
<b><u>Elections</u></b>			
Compensated Services	1,690	-	-
Supplies	1,392		
Printing/Publishing	-	-	-
Membership Dues/Education	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Elections</b>	<b>\$ 3,082</b>	<b>\$ 3,100</b>	<b>\$ 18</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF EXPENDITURES - GENERAL FUND  
ACTUAL AND BUDGET  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>GENERAL GOVERNMENT</u></b>			
<b><u>Clerk</u></b>			
Salaries	\$ 12,781	\$ -	\$ -
Fringe Benefits	3,794		
Office Supplies	502	-	-
Printing/Publishing	-		
Contracted Services	264	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Clerk</b>	17,341	19,671	2,330
<b><u>Treasurer</u></b>			
Salaries	18,400	-	-
Fringe Benefits	5,477		
Supplies	1,460	-	-
Printing/Publishing	-		
Tax Roll	1,161	-	-
Membership Dues/Education	-		
Mileage	89	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Treasurer</b>	26,587	28,004	1,417
<b><u>Board of Review</u></b>			
Salaries	546	-	-
Fringe Benefits	43		
Mileage Reimbursement	58	-	-
Printing and Publishing	250		
Miscellaneous	80	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Board of Review</b>	977	1,210	233
<b><u>Zoning</u></b>			
Salaries	2,595	-	-
Fringe Benefits	773		
Conferences and Workshops	130		
Mileage Reimbursement	102	-	-
Printing/Publishing	147		
Other Costs	90	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Zoning</b>	3,837	3,957	120
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 97,134</b>	<b>\$ 106,218</b>	<b>\$ 9,084</b>

The notes to the financial statements are an integral part of this return.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF EXPENDITURES - GENERAL FUND  
ACTUAL AND BUDGET  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b><u>TOWNSHIP PROPERTY</u></b>			
<b><u>Township Hall</u></b>			
Salaries	\$ 5,641	\$ -	\$ -
Fringe Benefits	6,456		
Insurance	14,921	-	-
Printing and Publishing	-		
Gas, Oil and Fuel	173	-	-
Repair and Maintenance	1,259		
Supplies	2,645	-	-
Contracted Services	214		
Utilities	6,514	-	-
Telephone	923		
	<hr/>	<hr/>	<hr/>
<b>Total Township Hall</b>	38,746	44,470	5,724
<b>TOTAL TOWNSHIP PROPERTY</b>	<b>\$ 38,746</b>	<b>\$ 44,470</b>	<b>\$ 5,724</b>
<b><u>DEPARTMENT OF PUBLIC WORKS</u></b>			
Salaries	4,555	-	-
Fringe Benefits	5,214		
Contractual Services	-		
Repair and Maintenance	403	-	-
Other Costs	237		
Street Lighting	7,453		
Other Costs	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL DEPARTMENT OF PUBLIC WORKS</b>	<b>\$ 17,862</b>	<b>\$ 21,516</b>	<b>\$ 3,654</b>
<b><u>PUBLIC SAFETY</u></b>			
Fire Protection	19,000	-	-
Repair and Maintenance Supplies	-		
Land Division	810		
	<hr/>	<hr/>	<hr/>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 19,810</b>	<b>\$ 20,080</b>	<b>\$ 270</b>
<b>COMMUNITY PROMOTION AND RECREATION</b>	<b>1,809</b>	<b>1,900</b>	<b>91</b>
<b>CAPITAL OUTLAY</b>	<b>28,974</b>	<b>29,800</b>	<b>826</b>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 220,605</u></b>	<b><u>\$ 242,314</u></b>	<b><u>\$ 21,709</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**BALANCE SHEET - CEMETERY OPERATING FUND**

*MARCH 31, 2007*

**ASSETS**

Cash	\$ 46,247
Due from Other Funds	<u>25</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 46,272</u></b>

**FUND EQUITY**

Fund Balance	<u>46,272</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 46,272</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
CEMETERY FUND  
ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<b><u>REVENUES</u></b>			
Grave Openings	\$ 30,875	\$ 30,000	\$ 875
Sale of Lots	10,900	7,750	3,150
Long-Term Maintenance Fee	200	-	
Vault Rental	1,600	1,500	100
Interest	308	200	108
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>\$ 43,883</b>	<b>\$ 39,450</b>	<b>\$ 4,233</b>
 <b><u>EXPENDITURES</u></b>			
<b><u>Cemetery Services</u></b>			
Salaries	24,423	26,050	1,627
Fringe Benefits	1,869	1,995	126
Printing/Publishing	22	50	28
Gas, Oil and Fuel	1,628	1,700	72
Repair and Maintenance	2,814	3,250	436
Contract Services	1,239	3,000	1,761
Telephone	478	500	22
Utilities	527	600	73
Miscellaneous	252	505	253
	<hr/>	<hr/>	<hr/>
<b>Total Cemetery Services</b>	<b>33,252</b>	<b>37,650</b>	<b>4,398</b>
 <b>Capital Outlay</b>	 <b>1,798</b>	 <b>1,800</b>	 <b>2</b>
 <b>TOTAL EXPENDITURES</b>	 <b>\$ 35,050</b>	 <b>\$ 39,450</b>	 <b>\$ 4,400</b>
 Excess of Revenues Over (Under) Expenditures	 8,833	 -	 8,633
 FUND BALANCE, APRIL 1	 <hr/> 37,439		
 <b>FUND BALANCE, MARCH 31</b>	 <b><u><u>\$ 46,272</u></u></b>		

The notes to the financial statements are an integral part of this report.



<b>IRON RIVER TOWNSHIP</b>
----------------------------

**BALANCE SHEET - LIQUOR LAW ENFORCEMENT FUND**

*MARCH 31, 2007*

**ASSETS**

Cash	\$ 1,328
<b>TOTAL ASSETS</b>	<b>\$ 1,328</b>

**FUND EQUITY**

Fund Balance	1,328
<b>TOTAL FUND EQUITY</b>	<b>\$ 1,328</b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - LIQUOR  
LAW ENFORCEMENT FUND  
ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>			
State Grants	\$ 523	\$ 525	\$ (2)
Charges for Services	100	75	25
Interest	<u>9</u>	<u>-</u>	<u>9</u>
<b>TOTAL REVENUES</b>	<b>\$ 632</b>	<b>\$ 600</b>	<b>\$ 32</b>
 <b><u>EXPENDITURES</u></b>			
Salaries and Wages	495	557	62
Fringe Benefits	<u>38</u>	<u>43</u>	<u>5</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 533</b>	<b>\$ 600</b>	<b>\$ 67</b>
 Excess of Revenues Over (Under) Expenditures	 99	 -	 99
 FUND BALANCE, APRIL 1	 <u>1,229</u>		
<b>FUND BALANCE, MARCH 31</b>	<b><u><u>\$ 1,328</u></u></b>		

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**BALANCE SHEET - CEMETERY PERPETUAL CARE TRUST FUND – (PERMANENT FUND)***MARCH 31, 2007***ASSETS**

Cash	\$ 33,912
Investments	<u>98,440</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 132,352</u></b>

**LIABILITIES AND FUND EQUITY****LIABILITIES**

Due To Other Funds	<u>25</u>
<b>TOTAL LIABILITIES</b>	<b>25</b>

**FUND EQUITY**

Fund Balance - Restricted for Perpetual Care	98,606
Fund Balance - Restricted for Cemetery Operations	<u>33,721</u>
<b>TOTAL FUND EQUITY</b>	<b><u>132,327</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 132,352</u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
CEMETERY PERPETUAL CARE TRUST FUND – (PERMANENT FUND)**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>EXPENDABLE</u>	<u>NON- EXPENDABLE</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>			
Perpetual Care Receipts	\$ -	\$ 5,500	\$ 5,500
Interest	<u>5,863</u>	<u>-</u>	<u>5,863</u>
<b>TOTAL REVENUES</b>	<b>\$ 5,863</b>	<b>\$ 5,500</b>	<b>\$ 11,363</b>
 <b><u>EXPENDITURES</u></b>			
Contracted Services	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 Excess of Revenues Over (Under) Expenditures	 5,863	 5,500	 11,363
 <b><u>Other Financing Sources (Uses)</u></b>			
Gain on valuation of investments	<u>1,949</u>	<u>-</u>	<u>1,949</u>
Total Other Financing Sources (Uses)	1,949	-	1,949
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 7,812	 5,500	 13,312
 FUND BALANCE, APRIL 1	 <u>25,909</u>	 <u>93,106</u>	 <u>119,015</u>
<b>FUND BALANCE, MARCH 31</b>	<b><u><u>\$ 33,721</u></u></b>	<b><u><u>\$ 98,606</u></u></b>	<b><u><u>\$ 132,327</u></u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**BALANCE SHEET - WATER SUPPLY SYSTEM FUND***MARCH 31, 2007***ASSETS**

Cash and Deposits:	
Restricted	\$ -
Unrestricted	35,649
Investments :	
Designated for System Improvement	132,214
Undesignated	-
Accounts Receivable	2,715
Property, Plant and Equipment	257,324
Construction in Progress	292,596
Accumulated Depreciation	(146,559)
<b>TOTAL ASSETS</b>	<b>\$ 573,939</b>

**LIABILITIES**

Accounts Payable	\$ 20,074
<b>TOTAL LIABILITIES</b>	<b>20,074</b>

**FUND EQUITY**

Retained Earnings :	
Unreserved - Designated	132,214
Unreserved - Undesignated	421,651
<b>TOTAL FUND EQUITY</b>	<b>553,865</b>

<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 573,939</b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
WATER SUPPLY SYSTEM FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

**OPERATING REVENUE**

Charges for Services	\$ 143,298
Penalties and Late Fees	<u>3,710</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 147,008</b>

**OPERATING EXPENSES**

Salaries and Wages	40,066
Fringe Benefits	3,065
Office Supplies	1,171
Printing/Publishing	175
Membership Dues	225
Gas, Oil and Fuel	5,104
Repair and Maintenance	8,999
Testing/Water Samples	3,248
Purchased Services	5,900
Telephone	6,367
Utilities	20,405
Miscellaneous	257
Depreciation	<u>16,141</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 111,123</b>

Operating Profit (Loss)	35,885
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**NON-OPERATING INCOME**

Interest Income	8,912
Gain on Investments	2,487

<b>Net Income (Loss)</b>	<b>47,284</b>
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RETAINED EARNINGS, APRIL 1	<u>506,581</u>
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<b>RETAINED EARNINGS, MARCH 31</b>	<b><u>\$ 553,865</u></b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF CASH FLOWS - WATER SUPPLY SYSTEM FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

**CASH FLOWS FROM (USED BY)**

**OPERATING ACTIVITIES**

Net cash received from fees and services	\$ 142,888
Other operating revenues	3,710
Cash payments to employees for services	(43,131)
Cash payments to goods and services	(38,966)
Other operating expenses	<u>-</u>

<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 64,501</b>
---	------------------

**NON CAPITAL AND FINANCING ACTIVITIES**

Increase (decrease) in due to other funds	-
(Increase) decrease in due from other funds	-
Residual equity transfer in	
Net operating transfers in (out)	<u>-</u>

<b>NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES</b>	<b>-</b>
---	----------

**CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(170,812)
Principal payment on long-term bonds	-
Interest paid on long-term bonds	-
Interest and tax expense	-
Proceeds from borrowings	-
Contributed capital grants	<u>-</u>

<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(170,812)</b>
--	------------------

**INVESTING ACTIVITIES**

Interest Income	8,912
Gain on Value of Investments	2,487
Decrease in Investments	<u>76,136</u>

<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ 87,535</b>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,776)
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Cash and Cash Equivalents, Beginning of Year	<u>54,425</u>
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<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 35,649</b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF CASH FLOWS - WATER SUPPLY SYSTEM FUND  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2007*

**CASH FLOWS FROM OPERATING  
ACTIVITIES**

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Operating Income	\$ 35,885
Adjustment to reconcile operating income to net cash provided by operating activities:	
. Depreciation	16,141
. Provision for uncollectible accounts	
. Changes in assets and liabilities :	
(Increase) Decrease in accounts receivable	(410)
Increase (Decrease) in accounts payable	12,885
Increase (Decrease) in deferred revenue	-
Increase (Decrease) in customer deposits	-
	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u><u>\$ 64,501</u></u></b>

The notes to the financial statements are an integral part of this report.



<b>IRON RIVER TOWNSHIP</b>
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**BALANCE SHEET - SEWER FUND***MARCH 31, 2007***ASSETS**

Cash and Deposits :

Restricted	\$	-
Unrestricted		162,606

Accounts Receivable	2,952
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Property, Plant and Equipment	2,889,868
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Accumulated Depreciation	<u>(1,079,249)</u>
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<b>TOTAL ASSETS</b>	<b><u>\$ 1,976,177</u></b>
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**LIABILITIES AND FUND EQUITY****LIABILITIES**

Due to Other Funds	<u>-</u>
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<b>TOTAL LIABILITIES</b>	<b>-</b>
--------------------------	----------

**FUND EQUITY**

Retained Earnings	<u>1,976,177</u>
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<b>TOTAL FUND EQUITY</b>	<b><u>1,976,177</u></b>
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<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 1,976,177</u></b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
SEWER FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

**OPERATING REVENUE**

Charges for Services	\$ 132,278
Penalties and Late Fees	2,913
	135,191
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 135,191</b>

**OPERATING EXPENSES**

Salaries and Wages	7,216
Fringe Benefits	552
Office Supplies	1,171
Gas, Oil and Fuel	235
Repair and Maintenance	3,217
Purchased Services	9,200
Telephone	1,122
Utilities	5,368
Sewer Treatment :	
Contract Services - O&M	34,736
Contract Services - Debt Retirement	18,732
Depreciation	59,260
Miscellaneous	-
	140,809
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 140,809</b>

Operating Profit (Loss)	(5,618)
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**NON-OPERATING INCOME**

Interest Income	2,342
-----------------	-------

<b>Net Income (Loss)</b>	<b>(3,276)</b>
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RETAINED EARNINGS, APRIL 1	1,979,453
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<b>RETAINED EARNINGS, MARCH 31</b>	<b><u><u>\$ 1,976,177</u></u></b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF CASH FLOWS - SEWER FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

**CASH FLOWS FROM (USED BY)**

**OPERATING ACTIVITIES**

Net cash received from fees and services	\$ 133,206
Other operating revenues	2,913
Cash payments to employees for services	(7,768)
Cash payments to goods and services	(73,782)
Other operating expenses	-
	-

<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 54,569</b>
---	------------------

**NON CAPITAL AND FINANCING ACTIVITIES**

Increase (decrease) in due to other funds	(84,685)
(Increase) decrease in due from other funds	-
Net operating transfers in (out)	-
	-

<b>NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ (84,685)</b>
---	--------------------

**CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(7,193)
Principal payment on long-term bonds	-
Interest paid on long-term bonds	-
Interest and tax expense	-
Proceeds from borrowings	-
Contributed capital grants	-
	-

<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ (7,193)</b>
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**INVESTING ACTIVITIES**

Interest Income	2,342
	2,342

<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ 2,342</b>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,967)
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Cash and Cash Equivalents, Beginning of Year	197,573
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<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 162,606</b>
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The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
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**STATEMENT OF CASH FLOWS - SEWER FUND  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2007*

**CASH FLOWS FROM OPERATING  
ACTIVITIES**

---

Operating Income	\$ (5,618)
Adjustment to reconcile operating income to net cash provided by operating activities:	
. Depreciation	59,260
. Provision for uncollectible accounts	
. Changes in assets and liabilities :	
(Increase) Decrease in accounts receivable	927
Increase (Decrease) in accounts payable	
Increase (Decrease) in deferred revenue	-
Increase (Decrease) in customer deposits	-
	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u><u>\$ 54,569</u></u></b>

The notes to the financial statements are an integral part of this report.

<b>IRON RIVER TOWNSHIP</b>
----------------------------

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TRUST AND AGENCY FUND**

*FISCAL YEAR ENDED MARCH 31, 2007*

	<u>Balance</u> <u>3/31/2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/2007</u>
<b><u>ASSETS</u></b>				
Cash	\$ 9,574	\$1,662,369	\$1,659,839	\$ 12,104
<b>TOTAL ASSETS</b>	<b><u>\$ 9,574</u></b>	<b><u>\$1,662,369</u></b>	<b><u>\$1,659,839</u></b>	<b><u>\$ 12,104</u></b>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	889	139,882	138,141	2,630
Due to County	1,964	739,844	741,686	122
Due to Schools	466	620,837	621,162	141
Due to DIISD	27	90,802	90,814	15
Due to Library	-	55,773	55,763	10
Due to State	6,228	-	6,228	-
Due to Other	-	6,045	6,045	-
Undesignated CFR	-	9,186	-	9,186
<b>TOTAL LIABILITIES</b>	<b><u>\$ 9,574</u></b>	<b><u>\$1,662,369</u></b>	<b><u>\$1,659,839</u></b>	<b><u>\$ 12,104</u></b>

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

# *DS Rostagno, CPA, P.C.*

*101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
**Iron River Township**  
102 McNutt Road  
Iron River, Michigan 49935

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Iron River Township**, Iron River, Michigan, as of and for the year ended March 31, 2007, which collectively comprise **Iron River Township**, Iron River, Michigan's basic financial statements, and have issued our report thereon dated June 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Iron River Township**, Iron River, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Iron River Township**, Iron River, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Iron River Township**, Iron River, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **Iron River Township**, Iron River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **Iron River Township**, Iron River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by **Iron River Township**, Iron River, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **Iron River Township**, Iron River, Michigan's internal control.

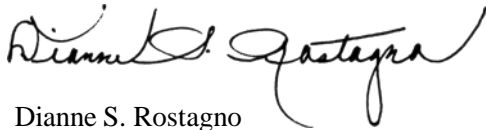
#### Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Iron River Township**, Iron River, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, the Township Board, and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with the last name "Rostagno" being more prominent.

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 27, 2007